

THE WEEK IN REVIEW

Major indexes posted their fourth consecutive week of gains with the S&P 500 and Nasdaq increasing by 2.87% and 2.66%, respectively. The momentum in stocks continued a strong climb over the past month buoyed by easing trade tensions between the U.S. and China, a more flexible Federal Reserve, and data suggesting the U.S. economy is still expanding. Since its December 24 trough, the S&P 500 has risen more than 10%. Corporate earnings remained a source of support for the market this week. The major U.S. banks started the week, led by Citigroup on Monday. Shares of Citigroup rose roughly 4% after it beat analysts' expectations despite weaker revenues from its key trading business. Loan books grew at a slower pace increasing 6% at JPMorgan Chase, 3% at Citigroup, 1.2% at Bank of America, and fell 0.2% at Wells Fargo due to the Federal Reserve's asset cap. These numbers are below the 8% loan growth banks saw in early 2018.

Consumers' forecast for the U.S. economy fell significantly in early January. The University of Michigan said its consumer sentiment index was 90.7 this month, down from 98.3 in December. The report likely reflects American's fears regarding the government shutdown, trade wars, volatile markets and uncertain global growth. GDP growth estimates are likely to be revised downward as the government shutdown enters its 28th day on Friday. Federal workers increased claims for aid with 10,454 government employees seeking new assistance through a U.S. government unemployment system for the week of January 5.

On the manufacturing front, industrial production increased a seasonally adjusted 0.3% in December led by vehicles and appliances. The data suggests the manufacturing sector of the economy remains in expansionary territory. Initial jobless claims ticked lower for the week ending January 12, declining 3,000 to 213,000. The claims remain near the cycle low of 202,000 in September. The Producer Price Index, a measure of the average change in prices received by domestic producers of goods and services, decreased 0.2% in December over the prior month. Energy prices decreased 5.4%, with gasoline decreasing 13.1%. Wholesale food prices increased 2.6%. Excluding food, energy, and trade services, the core PPI was unchanged for December. The data suggests inflation remains fleeting and may give the Federal Reserve pause for raising interest rates in 2019.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Initial Jobless Claims	213	210	▲
U. of Mich. Consumer Sentiment	90.7	98.6	▼
Industrial Production (MoM)	0.35%	0.13%	▲
Producer Price Index (YoY)	2.5%	2.6%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24706.35	2.96%	5.91%	-5.04%
NASDAQ	7157.23	2.66%	7.87%	-1.90%
S&P 500 Large Cap	2670.71	2.87%	6.54%	-4.55%
MSCI EAFE	1782.72	-0.19%	3.65%	-16.76%
Barclays Aggregate US	2048.01	-0.11%	0.07%	0.87%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.39%	2.41%	2.38%	1.43%
10-Year Treasury	2.79%	2.70%	2.82%	2.63%

REPORTS DUE NEXT WEEK	LATEST
Existing Home Sales (Millions Annualized)	5.32
New Home Sales (Thousands Annualized)	544
Initial Jobless Claims (Thousands)	213
Durable Goods Orders (MoM)	0.80%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.